

FISCAL UPDATE

October 5, 2004

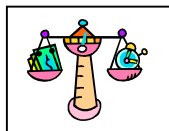
Legislative Services Agency

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STATE PUBLIC DEFENDER'S OFFICE REALLOCATES FY 2004 BUDGET

Reallocation of Funds



The Fiscal Services Division of the Legislative Services Agency (LSA) received notification in August of a reallocation of up to \$585,000 in the State Public Defender's Office from the Indigent Defense Program. The Indigent Defense Program reimburses private attorneys for legal counsel to indigent defendants in criminal court proceedings.

Public Defender Transfer

The actual net amount transferred to the State Public Defender's Office from the Indigent Defense Program was approximately \$472,000. The Indigent Defense Program had previously transferred \$1.1 million to the State Public Defender's Office to fill vacant public defender positions.

Indigent Defense Transfer

The net amount transferred to the Indigent Defense Program in FY 2004 was approximately \$2.4 million and includes \$2.9 million that was transferred in from other areas of State government and the net transfer out of \$472,000 to the Public Defender's Office.

Legal Counsel

State public defenders or private attorneys can provide legal counsel to indigent defendants. The total average annual increase in combined expenditures for this was approximately 8.5% over the last 10 years. This calculation includes all transfers into the budgets from other areas of State government and does not include year-end reversions to the General Fund.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2004 APPROPRIATION TRANSFER TO INDIGENT DEFENSE

Transfer of Funds

The Fiscal Services Division of the LSA received notification of the final appropriations transfer of \$2.8 million, pursuant to Section 8.39, Code of Iowa, for the Indigent Defense Program within the Office of the State Public Defender. The Program provides legal counsel to indigent defendants in criminal court proceedings.

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Average Increase

The average annual increase in spending for the Indigent Defense Program was 6.6% over the last 10 years; however, the FY 2004 General Fund appropriation was \$1.5 million less than the actual amount spent in FY 2003.

Funds Transferred From

The table below lists the State agencies that transferred funds to the Indigent Defense Program. The table also provides the percentage of each agency's General Fund appropriation that was transferred to the Indigent Defense Program.

FY 2004 Appropriations Transfer to Indigent Defense



<u>Department</u>	<u>Amount Transferred</u>	<u>Percent of General Fund</u>
Parole Board	\$ 61,495	6.03%
Department of Public Safety		
Public Safety Administration	35,021	1.43%
Investigation, DCI	324,191	2.47%
Narcotics Enforcement	51,995	1.40%
Undercover Funds	309	0.26%
Fire Marshal	15,391	0.83%
Iowa State Patrol	422,105	1.10%
Total Department of Public Safety	849,012	
Department of Commerce		
Banking Division	165,014	2.59%
Credit Union Division	119,671	8.67%
School Health Insurance Reform	9,832	67.06%
Professional Licensing Division	231,665	27.01%
Utilities Division	525,822	7.63%
Total Department of Commerce	1,052,004	
Department of Human Services		
MH/MR/DD State Cases	262,922	2.39%
State Supplementary Assistance	89,270	0.46%
Medical Assistance	502,256	0.15%
Personal Assistance	29,454	14.32%
Total Department of Human Services	883,902	
Total Transferred to Indigent Defense	<u>\$ 2,846,413</u>	

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

FY 2004 INDIGENT DEFENSE CLAIMS PAID BY THE STATE APPEAL BOARD

Appeals Board

The Fiscal Services Division of the LSA received notification that approximately \$121,000 in indigent defense claims were paid by the State Appeal Board. Indigent Defense provides legal counsel to indigent defendants in criminal court proceedings. Payments were made to private attorneys, court reporters, investigators, and interpreters. All claims were submitted late and some were from previous fiscal years.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

NOVEMBER MEETING OF THE LEGISLATIVE FISCAL COMMITTEE

Future Fiscal Meeting

The next meeting of the Legislative Fiscal Committee is scheduled for November 18 at Iowa State University. The agenda will be available at a later date.

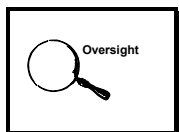
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: David Reynolds (Ext. 16934) Sue Lerdal (Ext. 17794)

GOVERNMENT OVERSIGHT COMMITTEE MEETING

Oversight Meeting



The Government Oversight Committee met on September 8-9 and discussed the following:

- State employees that receive remuneration from separate State agencies at the same time (Secondary Employment Agreements).
- An update on the Iowa Agricultural Finance Corporation (IAFC).
- The provisions of SF 2293 (2002 Animal Feeding Operations and Environmental Regulation Act) and HF 644 (2003 Manure Application Requirements Act) in relation to the collection of fees and regulatory responsibilities in the Department of Natural Resources.
- The list of recommendations from the State Ombudsman's Office provided at the July meeting and the establishment of a Subcommittee to further study and make legislative recommendations for Committee action.
- Nursing facility inspections in Iowa with the Department of Inspections and Appeals and the Fire Marshal's Office. Also, the oversight of continuing care retirement communities with the Department of Commerce, Insurance Division.
- The State's nursing shortage and ideas for reducing the shortage with the Department of Public Health, University of Iowa, and health care providers.
- State Government Reinvention Initiatives, including:
 - The FY 2005 Charter Agency agreements between the Governor's Office and the Charter Agencies.
 - The future role of the Public Services Group (PSG) in State Government and a review of the new addendums between the PSG and State departments.



- The potential sale of the Iowa Communications Network (ICN) and comparisons of similar networks in other states.

Subcommittee Meetings

The following Subcommittees met after adjournment:

- The Fleet Management Subcommittee received an update from the Department of Administrative Services, the Department of Public Safety, and Regents Institutions relating to best practices for purchasing and maintaining motor vehicles, opportunities to reduce and replace State-owned inventory, and collaboration efforts to streamline for efficiencies and cost reductions.
- The Liquor Warehouse and Distribution Subcommittee received information from small, private liquor stores and the Alcoholic Beverages Division regarding privatization of the liquor warehouse and distribution throughout the State.



Next Meeting

The next meeting is scheduled for November 17-18.

More Information

Additional information is available from the LSA upon request or by accessing the 2004 Interim Calendar on the LSA web site at: <http://www.legis.state.ia.us/Current/Interim/>. Copies of the agenda and handouts are available at: <http://staffweb.legis.state.ia.us/lfb/committee/oversight/oversight.htm>.

STAFF CONTACT: Sam Leto (Ext. 16764) Douglas Wulf (Ext. 13250)
Richard Nelson (25822)

TOBACCO SETTLEMENT AUTHORITY MEETING

Tobacco Settlement



Attorney General

The Tobacco Settlement Authority met on August 23. The Attorney General's Office provided an update regarding enforcement of the Master Settlement Agreement (MSA) and Iowa law regarding regulation of non-participating manufacturers. Non-participating manufacturers that have a small share of the tobacco market have not signed the Agreement.

The Attorney General's Office is required to exercise due diligence in enforcement of Iowa's tobacco laws and the MSA. Failure to do so may result in delay or withholding of future tobacco payments to the State.

Fund Reimbursement

The Tobacco Settlement Authority approved a \$60,000 request for reimbursement from the Attorney General's Office. The total amount reimbursed to the Office for FY 2004 was approximately \$261,000. The FY 2005 estimated reimbursement is anticipated to be a similar amount. In FY 2005, the Attorney General's Office will provide quarterly bills, along with quarterly updates of the Office's enforcement efforts, to the Tobacco Settlement Authority.

More Information

Additional information is available by contacting the LSA.

STAFF CONTACT: Beth Lenstra (Ext. 16301) David Reynolds (Ext. 16934)

UPDATE ON TOBACCO MASTER SETTLEMENT AGREEMENT

Tobacco Settlement

The Attorney General's Office announced that Vibo Corporation has agreed to sign the Master Settlement Agreement (MSA). The Agreement between

the four major tobacco companies and 46 states was approved in November 1998 to settle tobacco-related lawsuits.

Payments

Vibo Corporation will be subject to the terms of the MSA, including restrictions on advertising, promotion, and marketing of tobacco products, and will make payments to the states totaling approximately \$1.7 billion over the next 10 years.



Settlement Receipts

Iowa's share of these payments will be approximately \$14.8 million over the next 10 years. Vibo Corporation will also make an immediate payment to the states of approximately \$78.0 million. Of this, Iowa's share will be approximately \$660,000.

Iowa has received approximately \$304.0 million under the MSA since 1998. Iowa securitized tobacco settlement payments due under the MSA in FY 2001. Of the payments due to Iowa, 78.0% is dedicated to bond payments, while 22.0% is deposited into the Endowment for Iowa's Health Account.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

CORRECTIONS DEPUTY DIRECTOR APPOINTED

Deputy Director



Director Gary Maynard, Department of Corrections (DOC), appointed Dan Craig as Deputy Director of the Western Region. The position was vacant due to the appointment of Jeanette Bucklew as the Deputy Director of Offender Services.

The Deputy Director of the Western Region is responsible for administrative support and oversight of the Second, Third, Fourth, and Fifth Community-Based Corrections (CBC) District Departments, as well as the Clarinda, Rockwell City, Mitchellville, and Fort Dodge Correctional Facilities.

Previous Experience

Mr. Craig previously served as the First CBC District Department Director and was responsible for community correctional operations and programs in the northeastern section of the State.

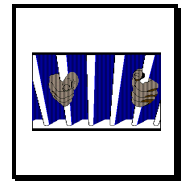
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

CORRECTIONS ANNOUNCES LAYOFFS FOR FY 2005

Layoff Planned



The Department of Corrections (DOC) announced the layoff of 20.0 FTE positions as detailed in the table below. The layoffs impact both Community-Based Corrections (CBCs) and correctional institutions.

Corrections - FY 2005 Reduction In Force

Anamosa State Penitentiary

Title	Supervisors	Non-Supervisors	Total
Corr. Counselor	0.0	1.0	1.0
Corr. Trades Leader	0.0	1.0	1.0
Corr. Security Manager	1.0	0.0	1.0
Total	1.0	2.0	3.0

Iowa Medical Classification Center at Oakdale

Title	Supervisors	Non-Supervisors	Total
Secretary 2	0.0	1.0	1.0
Account Clerk 2	0.0	1.0	1.0
Activities Specialist 2	0.0	2.0	2.0
Correctional Officer	0.0	2.0	2.0
Corr. Food Service Coord.	0.0	1.0	1.0
Corr. Building Services Coord.	0.0	1.0	1.0
Corr. Trades Leader	0.0	1.0	1.0
Total	0.0	9.0	9.0

Clarinda Correctional Facility

Title	Supervisors	Non-Supervisors	Total
Drug Abuse Counselor 2	0.0	2.0	2.0

Fourth CBC District Department

Title	Supervisors	Non-Supervisors	Total
Job Developer	0.0	1.0	1.0
TASC Officer	0.0	1.0	1.0
Comm. Program Monitor	0.0	1.0	1.0
Total	0.0	3.0	3.0

Fort Dodge Correctional Facility

Title	Supervisors	Non-Supervisors	Total
Mail Clerk 2	0.0	1.0	1.0
Information Tech. Support	0.0	1.0	1.0
Assistant Food Serv. Director	1.0	0.0	1.0
Total	1.0	2.0	3.0

Balanced Budget

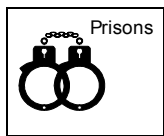
The DOC is attempting to balance the Department's FY 2005 budget, which did not include funding for salary increases. The estimated need for salary increases is approximately \$10.9 million if all positions are filled.

Modified Plans

It is anticipated that the plans for Institutions and CBC District Departments will be modified during the fiscal year to accommodate projected increases in

the offender population, known increases in support budgets (such as utility costs), and any savings generated through the Charter Agency agreement.

Budget Reductions



The impacts of the budget reductions are listed below:

- Increases in offender idle time.
- Reductions in the number of offenders in The Other Way Substance Abuse Treatment Program at the Clarinda Correctional Facility from 160 to 130.
- Reductions in community service and outreach programs, such as community service work crews at the Luster Heights Prison Camp.
- Delays in substance abuse treatment availability for offenders at the Luster Heights Prison Camp, which may increase the length of stay for these offenders.
- Increases in the average caseload size for correctional counselors, which may decrease effectiveness.
- Increases in workloads throughout the Institutions, which may decrease employee morale.
- Potential for denied vacations in order to meet minimum staffing requirements.
- Increases in caseload size in the Fourth CBC District Department, thereby diverting supervising agents' time from high risk cases.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

NATIONAL GUARD CALLUPS TO ACTIVE DUTY

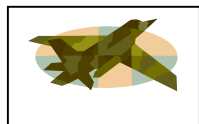
Army Guard



Since September 11, 2001, the Army Guard in Iowa has called up the following number of troops, totaling 4,533 individuals:

- 1,755 for Operation Iraqi Freedom.
- 996 for Operation Enduring Freedom – Afghanistan.
- 516 for Operation Noble Eagle – Duty within the United States.
- 298 for Kosovo.
- One for a stabilization force.
- 452 for the multi-national force.

Air Guard



Since September 11, 2001, the Iowa Air Guard has called up the following number of troops:

- 197 from the 132nd Fighter Wing—Des Moines.
- 185 from the Air Refueling Wing—Sioux City.
- 133 from the Test Squadron—Fort Dodge.

Corrections

In calendar year 2003, the Department of Corrections had 65 individuals called up for active duty. Thirty-five have returned; however, two were subsequently called up again. Three reserve employees resigned to become full-time in the military. The Department of Public Safety had 14 individuals called up for active duty who were deployed for extended periods of time, and six are still overseas. Three individuals will be returning in September and one will be leaving.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**IOWA TELECOMMUNICATIONS AND TECHNOLOGY
COMMISSION MEETING**

Commission Meeting

The Iowa Telecommunications and Technology Commission met on September 16 and discussed the following:

Waiver Requests



The Commission granted one-year waiver requests for Loras, Waldorf, and Buena Vista Community Colleges. At the July meeting, the Commission also granted one-year waiver requests for Iowa Wesleyan, Area Education Agency 267, and Faith Baptist College. The waivers allow the community colleges to use other Internet providers at a cheaper rate, or to have redundant backup service to the Iowa Communications Network (ICN).

FY 2006 Video Rates

The Commission voted to set the FY 2006 video rates at the FY 2004 level. The Commission also approved the published rate of \$14.36 with the 59.0% discount; the FY 2006 K-12 rate is \$5.89. All other rates remain unchanged.

FY 2006 Budget

The Commission approved the FY 2006 proposed operating budget for submission to the Governor. The proposed FY 2006 budget estimates an increase in data revenues but reductions in voice and video revenues. Gross revenues are estimated to increase \$1.9 million compared to the FY 2005 budget. Direct expenses are estimated to increase \$1.8 million compared to the revised FY 2005 budget. This is primarily due to warranty expirations, which will require the ICN to incur more out-of-pocket maintenance expenses. Operating expenses are estimated to increase by \$751,000 compared to the FY 2005 budget. The ICN has a 10.0% vacancy factor. General sales and administrative costs are estimated to be approximately \$81,000 less than the FY 2005 budget. The ICN estimates approximately \$519,000 will be available for reinvestment into the network for new equipment purchases. This is approximately \$571,000 less than the FY 2005 budget. For FY 2005, the ICN will bill the Department of Education for Part III sites, which is a change from previous years.

ICN Classroom

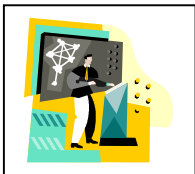


Iowa Public Television (IPTV) approached the ICN about providing video classroom maintenance services for the education community, as IPTV indicates they can no longer maintain this. The ICN and the Department of Education are working together to find ways to help end-users replace aging equipment. Currently, the end-user, and not the ICN, owns the classroom equipment.

Oversight Follow-up

The ICN presented to the Government Oversight Committee and was asked to elaborate on what other states are doing in regard to technology similar to

Iowa's ICN. The ICN reported that most other states do not own the network but do own the spurs or endpoints. In Iowa, the ICN owns the backbone or network and leases the spurs or endpoints. The ICN also noted that schools get reimbursed for transporting students and sharing teachers with other schools rather than using the ICN to virtually share students or teachers. Different classroom schedules also impact the use of the ICN.

Missed Opportunities

The ICN was also asked to identify missed opportunities. The ICN noted that the interest earned on the ICN's revolving fund, approximately \$2.0 million, currently goes to the General Fund rather than being deposited into the revolving fund. In the past, the ICN received an appropriation from the General Fund, but since the ICN is now self-sustaining, the ICN would like this issue revisited. Also, current vendors would like to sell the endpoints to the ICN rather than reestablishing seven-year leases with vendors like McLeod and Adesta. Under current law, the ICN cannot purchase these services. The ICN is also submitting revised Administrative Rules which will allow the ICN to consolidate purchasing and to join a competitive, private bidding group or consortium. The ICN indicates this will assist in reducing business costs for the Commission and authorized users. The ICN currently only connects with high schools but would like to expand connections to grade and middle schools. The ICN would also like to consider opening ICN services to all Iowans rather than just the authorized user group.

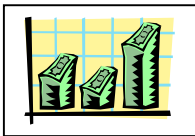
Future Meetings

Future meetings are scheduled for January 20, March 17, May 19, July 21, September 15, and November 17.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

**MEDICAL ASSISTANCE PROGRAM ESTIMATES FOR
FY 2005**
Medicaid Estimates

Staff from the Department of Management, the Department of Human Services (DHS), and the Fiscal Services Division of the LSA met on September 24 to discuss estimated expenditures for the Medical Assistance (Medicaid) Program for FY 2005. The staffs meet monthly to discuss and agree on a range for estimated expenditures for the current fiscal year.

FY 2005

When the FY 2005 Medicaid budget of \$568.5 million was enacted, it was discussed that the funding was not likely sufficient to cover the full cost. A shortfall for FY 2005 is projected. The agreed upon range for the FY 2005 shortfall is \$49.0 to \$72.0 million compared to the FY 2005 appropriation.

FY 2004

The Medicaid Program ended FY 2004 with expenditures totaling \$537.2 million. The remaining balance included a surplus of \$1.1 million prior to a \$502,000 transfer made by the Governor for Indigent Defense. The final balance of \$342,000 was carried forward to FY 2005 pursuant to SF 2298 (FY 2005 Omnibus Appropriations Act), which allowed up to \$500,000 to carry forward for fiscal agent costs.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Vermeer (Ext. 14611)

COMMISSION FOR THE DEPARTMENT OF ELDER AFFAIRS MEETING

Commission Meeting

The Commission for the Department of Elder Affairs met on August 31 and conducted the following business:

Director's Report



Director Mark Haverland provided the following information:

- Update on the use of the federal Program of All Inclusive Care for the Elderly (PACE) grant.
- Update on the federal Aging and Disability Resource Center grant that will assist with integrating three separate systems for the disabled and the aging.
- The Department submitted a status quo budget request for FY 2006 to the Governor's Office and the Department of Management.
- A letter drafted by Director Haverland to the Medicaid Crisis Intervention Team expressing concerns regarding the Medicaid Program.
- The National Governor's Association awarded the State \$48,000 to assist in building strategies to increase community-living options and decrease the need for institutional care.
- The Long-Term Care Plan developed by the Department is anticipated to be published in early January 2005 after additional town meetings with seniors are held this fall.
- Overview of the issues discussed at the August 20 meeting of the Senior Living Coordinating Unit.
- The Department of Human Services (DHS) applied for a three-year, \$350,000 Cash and Counseling grant through the Robert Wood Johnson Foundation. The DHS anticipates being notified in September if Iowa has been chosen to receive the grant.
- Update on discussions being held with Older Iowans Legislation (OIL) leadership and groups from Minnesota and Wisconsin to examine methods to organize seniors into advocacy groups independent from the Department.

Admin. Rules

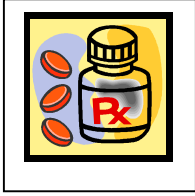


The Commission approved the following Administrative Rules for adoption:

- Clarifications with regard to door alarms in programs that provide care to tenants with dementia in assisted living programs. There is no estimated fiscal impact.
- Clarifications with regard to the assessment tool used in elder group homes; the self-administration of medications and supervision of this; on-site manager and operator distinctions; definition of part-time or intermittent care; and increased square footage requirements for living space. There is no estimated fiscal impact.
- Adds elder group homes to the chapter which deals with the oversight of assisted living programs and adult day services. Also, eliminates adult day services from coverage by the Long Term Care Ombudsman Program, as the Department does not have statutory authority for this. There is no estimated fiscal impact.

Admin. Rules

The Commission approved the following Administrative Rules for adoption at a future meeting:

**Adult Abuse**

- Allows an assisted living provider to enter into separate contractual agreements for subsidized assisted living. There is no estimated fiscal impact.
- Makes technical changes to assisted living rules; allows assisted living program tenants to keep unlocked medications in personal units providing that nurse delegation is used; and includes clarification within a consumer's occupancy agreement in relation to door alarms. There is no estimated fiscal impact.
- Repeals the Administrative Rules for the OIL, which will continue to exist but independent from the Department. There is no estimated fiscal impact.

Linda Hildreth, Department of Elder Affairs, provided an update on proposed changes to the dependent adult abuse law.

Decision Maker

Deanna Clingan-Fischer, Department of Elder Affairs, reviewed a proposal for the establishment of a Substitute Decision Maker Program.

Legislative Priorities

Joel Wulf, Department of Elder Affairs, provided an update regarding potential clarifications needed for Chapter 231, the Department's Administrative Rules, and noted the Department's 2005 legislative priorities will be made available to the Commission at the next meeting.

Next Meeting

The next meeting is scheduled for November 16.

More Information

Additional information is available from the LSA upon request.

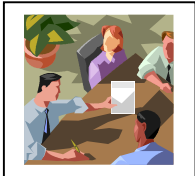
STAFF CONTACT: Lisa Burk (Ext. 17942)

STATE BOARD OF PUBLIC HEALTH MEETING
Board Meeting

The State Board of Public Health met on September 8 and conducted the following business:

Director's Update

Janet Zwick, Department of Public Health, provided the following information on behalf of Director Hansen:



- Dr. Mary Abrams was introduced and will serve as a new Board member.
- Director Hansen is meeting with the Iowa Congressional delegation to discuss the impact that will occur if the State's federal Public Health Services Block Grant is reduced.
- The Department is preparing two budget requests for FY 2006, using the 75.0% base budget and purchasing results methodologies.
- The Department is continuing to work on the project Iowa Excellence, a self-assessment of programs and services.
- Regional meetings will be held this year at the end of October and in early November.

Bioterrorism Funding

Mary Jones, Department of Public Health, introduced three new physician staff members, and provided the following update on federal Bioterrorism funding:



- The State will receive \$5.4 million in federal Health Resources and Services Administration (HRSA) funds for hospital and Emergency Management Systems (EMS), which is no change compared to last year's funding level.
- It is anticipated that the State will receive \$9.8 million in federal Centers for Disease Control and Prevention funding, which is a \$2.7 million (22.0%) reduction compared to last year's funding level. The reduction is due to the implementation of the federal Cities Readiness Initiative, which does not include Iowa. The reduction will eliminate funding for the State's Strategic National Stockpile; however, funds will be reallocated to continue the Program.

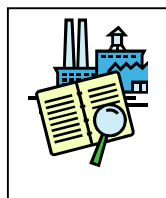
EPI Manual

Judy Goddard, Department of Public Health, provided information on the revision of the State's Epidemiology Manual, which is provided to local hospitals to provide guidance on disease reporting.

Disease Posters

Mary Rexroat, Department of Public Health, provided information regarding the new disease reporting posters that will be distributed to mandatory reporters and public health agencies.

Admin. Rules



The Board approved the following Administrative Rules:

- Amendments to describe and define the Acquired Immune Deficiency Syndrome (AIDS) Drug Assistance Program (ADAP), as well as provide current criteria for eligibility. Also, clarifies enrollment and disenrollment policies and establishes wait list and appeals policies. There is no estimated fiscal impact.
- An increase from \$10.00 to \$15.00 in the fee for certified copies of vital records, including birth, marriage, and death certificates. A portion of the death certificate copy fee increase will be used to support the operation of the State Medical Examiner's Office and the Office's contribution to the modernization of vital records. The fee increase will result in an additional \$805,000 in revenues in FY 2005. Of this amount, \$558,000 will be retained by the Department of Public Health, Division of Vital Statistics; \$199,000 will support vital records information provided by the Medical Examiner's Office; and \$48,000 will be deposited into the General Fund.
- Changes that exempt the Veterans Home from assisting the Commission on Veterans Affairs from identifying residents at the Home for Veterans Affairs (VA) benefits, as most residents are veterans. There is no estimated fiscal impact.

Next Meeting

The next meeting is scheduled for November 10.

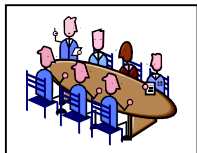
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

LONG TERM CARE TASK FORCE MEETING

Task Force



The Long Term Care Task Force met on September 16 and heard presentations from the Departments of Elder Affairs, Human Services, Inspections and Appeals, and Public Health regarding Iowa's current long-term care system and potential future initiatives. The following individuals also provided presentations:

- Carla Pope, Iowa Finance Authority.
- George Appleby, Iowa Council of Health Care Centers.



- John McCalley, American Association of Retired Persons (AARP).
- Dana Holland, Iowa Health Care Association.
- Donna Harvey, Iowa Association of Area Agencies on Aging.
- Kristie Oliver, Iowa Association of Homes and Services for the Aging.
- David Purdy, Iowa Coalition of Home and Community-Based Services for Seniors.
- Graham Fee, Older Iowans Legislature.

Next Meeting

The next meeting is scheduled for November 9.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942) Jennifer Vermeer (Ext. 14611)

MENTAL HEALTH COMMISSION CHILDREN'S OVERSIGHT COMMITTEE MEETING

Oversight Meeting

The Children's Oversight Committee of the Mental Health, Mental Retardation, Developmental Disability, and Brain Injury Commission met August 27 and conducted the following business:

- Reviewed the modified charge from the Commission delineating the purpose of the Committee.
- Discussed the Statewide meeting to solicit input for the Committee regarding mental health needs of children.
- Discussed other studies in progress regarding the mental health needs of children.
- Reviewed the need for analysis of data after the collection of data.
- Agreed to create four focus groups, including: Funding, Services, Education, and Family Support.

**More Information**

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

MENTAL HEALTH/MENTAL RETARDATION COMMISSION MEETING

Commission Meeting

The Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury Commission met on August 19 and September 16. The following business was conducted:

August Meeting

The following was discussed at the August meeting:

- Approved various accreditations of facilities and programs.
- Discussed the progress of the Child Development and Behavioral System Design Oversight Committee.

- Reviewed progress of the Adult Redesign Teams. Written materials regarding each Team are available.

September Meeting

The following was discussed at the September meeting:

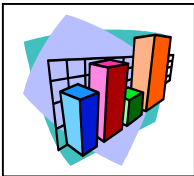
- Approved various accreditations.
- Discussed possible changes to the proposed Administrative Rules permitting counties to provide certain data within the Health Insurance Portability and Accountability Act (HIPAA) restrictions.
- Discussed the distinction between adults and children eligible for the Home and Community-Based waiver.
- Agreed to a subgroup of members and related entities to discuss the FY 2007 mental health allowed growth recommendation.
- Discussed proposed legislation to enact various possible recommendations related to the 2004 Mental Health Redesign Report.
- Reviewed the Children's Mental Health System Design process underway. Discussed the Oversight Committee nomination and membership proxy process.
- Heard a presentation from the Department of Elder Affairs staff regarding the \$3.5 million web-based project for a needs assessment of the elderly. The Department plans to expand access to information from the 99 public health nurse offices and the Department of Human Services' Medicaid data.



Director's Report

Director Concannon, Department of Human Services, discussed:

- An update regarding the federal intergovernmental transfer proposal for Medicaid funds.
 - Receive Medicaid funds for eligible individuals at the Mental Health Institutes.
 - Provide a waiver for community-based services without having the individual be eligible for nursing home entry.
 - Provide for certain individuals to be eligible for assistance at 200.0% of the Federal Poverty Level.
 - Receive a waiver for certain Child in Need of Assistance (CINA) children funding in lieu of court jurisdiction.
 - In lieu of a decrease of \$70.0 million in federal funds, the proposal decreases federal funding by \$25.0 million per year.
- The Long Term Care Legislative Interim Committee.
- The Medical Assistance Crisis Intervention Team public hearings.
- An anticipated FY 2005 supplemental appropriation of \$40.0 to \$60.0 million for Medicaid.



Redesign Team

Received updates regarding the Adult Redesign Teams, including:

- Universal Access – Completion of survey for determining various opportunities for assistance in counties. Analysis to begin.



- Residency – Discussion of the proposal permitting non-DHS employees to have access to information of persons receiving assistance from the State Cases Program to determine county residence. The Attorney General's Office has been advised of concerns.
- Core Services – Development of a proposed list of definitions for each proposed service.
- Information Technology – No information to report.
- Mental Health Institutes – Obtaining acute psychiatric bed utilization data and developing proposals for utilization of the Institutes.
- State Resource Centers – Reviewing the related recommendations from the 2004 Redesign Report and developing further recommendations.
- Disability Services/Case Rates – Receiving information from the Core Services and the Functional Assessment Teams.
- Functional Assessment – One assessment tool has been tested, weighing advantages and disadvantages. Plan to pilot test a second assessment tool.

Next Meeting

The next meeting is scheduled for October 21.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Sue Lerdal (Ext. 17794)

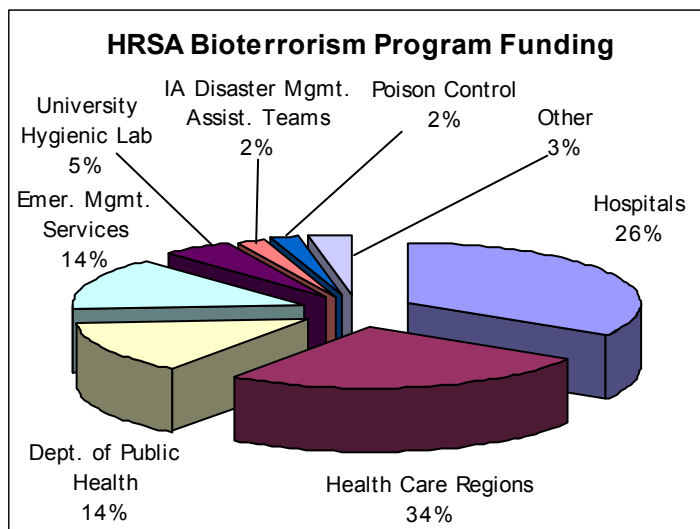
UPDATE ON FEDERAL BIOTERRORISM FUNDS

Bioterrorism Funding

The Department of Public Health anticipates the receipt of an estimated \$15.2 million in federal bioterrorism funding in FY 2005. The Department receives bioterrorism funding from two sources, the federal Health Resources and Services Administration (HRSA) and the federal Centers for Disease Control and Prevention (CDC). There is no State match required.

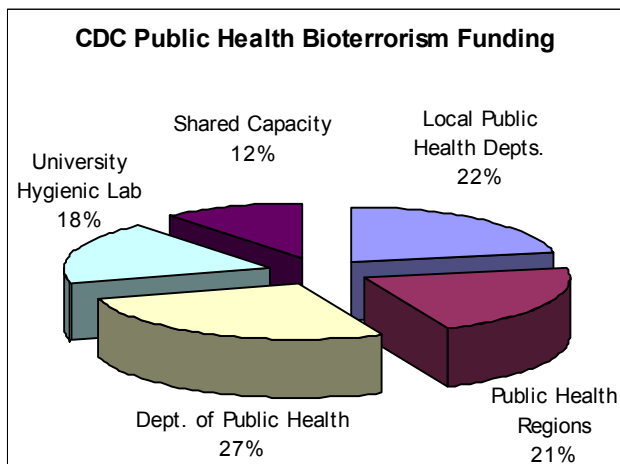
HRSA Funds

The State will receive \$5.4 million in federal HRSA funds for hospital and Emergency Management Systems (EMS), which is no change compared to the FY 2004 funding level. The chart below details how these funds are distributed.



CDC Funds

While the official award notification had not been received as of September 8, the Department of Public Health also anticipates receiving \$9.8 million in federal CDC funds for Public Health Bioterrorism Preparedness and Response, a \$2.7 million decrease compared to the FY 2004 funding level. The chart below details how these funds are distributed.



Federal Funds Reduction

The State's share of federal CDC funding was reduced in order to fund the federal Cities Readiness Initiative Pilot Program. Twenty cities were chosen for the Initiative based on population and geographic location and no Iowa cities were selected. The Department will manage the reduction by reallocating funding for the State's Strategic National Stockpile Program.

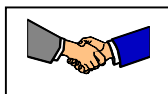
More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Lisa Burk (Ext. 17942)

**PARTNERSHIP AGREEMENT BETWEEN THE
DEPARTMENT OF ADMINISTRATIVE SERVICES AND THE
PUBLIC STRATEGIES GROUP**

Addendum



An Addendum to the Partnership Agreement between the Department of Administrative Services (DAS) and the Public Strategies Group (PSG) was signed on August 12. The major provisions include the following:

- The Addendum lays out the structure under which various projects might be undertaken.
- The Addendum does not obligate the DAS to do any business with the PSG or obligate the PSG to deliver any services.
- By mutual agreement, the DAS and the PSG may add specific projects to the Agreement that specify expected results and what the PSG will do and how performance pay may be earned.

Categories

The Addendum specifies that projects will fall into one of the following categories:

- Type 1, Share-In-Savings - The PSG and the DAS partner to find and capture savings in specific areas. The DAS benefits from the savings and the PSG earns a specified percentage of the documented captured savings. The Addendum states that Share-In-Savings agreements are inherently risky to both parties.
- Type 2, Share-In-Revenue - The PSG and the DAS partner to find or generate increased revenue. The DAS benefits from the additional revenue and the PSG earns a specified percentage of the documented increase in revenue. The Addendum states that Share-In-Revenue agreements are inherently risky to both parties.
- Type 3, DAS Leadership Initiatives - The PSG and the DAS partner to effect management improvements, conduct training activities, undergo organizational development and culture change activities, improve performance measures, improve measured performance, improve communication with customers or any other transformation activity the DAS wishes to pursue in conjunction with the PSG.



Financing the Partnership

The partnership projects are to provide part of the financing necessary to sustain Statewide reinvention services under the Master Agreement between the State and the PSG. A portion of the fees earned by the PSG on Type 1 and 2 projects may be used to fund Type 3 projects.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Ron Robinson (Ext. 16256)

STATE SOIL CONSERVATION COMMITTEE MEETING

Committee Meeting

The State Soil Conservation Committee met on September 2 and discussed the following:

Federal Update



Martin Adkins, Natural Resources Conservation Service (NRCS), discussed the federal Conservation Security Program that accepted 290 contracts from Iowa landowners. This is a new Program that was part of the federal Farm Security and Rural Investment Act that provides landowner payments for maintaining or implementing conservation practices of cropland, grassland, prairie, or pastureland.

Conservation Program

Lyle Asell, Department of Natural Resources (DNR), reported that the sign-up period for the Conservation Reserve Program is from August 30-September 24. The Department is issuing an informational brochure to landowners to assist with enrollment.

IDALS Update

Bill Ehm, Soil Conservation Division, Department of Agriculture and Land Stewardship (IDALS), discussed the following:

- There was approximately \$1.7 million in supplemental financial incentives that were reallocated to the Soil and Water Conservation Districts, with an average payment of \$34,000. The total amount requested by the Districts was \$7.7 million.
- The Soil Conservation Division will be reorganized to include a new Watershed Bureau. Employees in this Bureau will include field environmental specialists and regional coordinators. The Division is in the process of hiring a new Bureau Chief.

- There has been a decline in no-tillage fields in Iowa and the Division is taking steps to educate producers on the importance and benefits of this conservation practice.

Energy Center Tour

Director Floyd Barwig, Iowa Energy Center, provided a brief tour of the Center and discussed the various research projects being completed at the Center.

Leopold Center



Director Frederick Kirschenmann, Leopold Center, presented information on sustainable agriculture and conservation practices. The recommendations included:

- Develop new production systems that are less costly to the producer.
- Develop new production methods that enable a producer to retain a larger share of the value produced.
- Develop new public policies.

Next Meeting

The next meeting will be via teleconference on October 7.

More Information

Additional information is available from the LSA upon request. For more information about the State Soil Conservation Committee, access the web site at: <http://www.agriculture.state.ia.us/scccommittee.htm>

STAFF CONTACT: Debra Kozel (Ext. 16767)

ENVIRONMENTAL PROTECTION COMMISSION MEETING

September Meeting

The Environmental Protection Commission met on September 20 and discussed the following:

State Revolving Loan



The Commission approved the Clean Water State Revolving Fund Intended Use Plan for 2005. The Plan is prepared and submitted to the federal Environmental Protection Agency (EPA) annually and includes a list of proposed projects to receive financial assistance. The FY 2005 Plan includes 11 projects totaling \$6.9 million.

Animal Regulations

The Commission approved the Notice of Intended Action that conforms Iowa's regulation regarding confined animal feeding operations to federal EPA regulations. One of the proposed changes discussed was the issuance of a federal National Pollutant Discharge Elimination System (NPDES) permit for animal feeding operations in Iowa. It is estimated that approximately 1,800 facilities will be required to obtain a permit. The Department of Natural Resources (DNR) stated additional funds will not be needed to process the permits.

Permit Regulations

The Commission approved the Notice of Intended Action that makes changes to construction permit requirements and the master matrix that is used for approving confined animal feeding operations.

Hygienic Laboratory



The Commission approved a contract for \$562,000 with the University of Iowa Hygienic Laboratory for water quality monitoring, water supply support, leaking underground storage tanks, contaminated site monitoring, waste management assistance, wastewater services, and water security.

Kaizen Contract

The Commission approved a contract for \$25,000 with TBM Consulting Group for conducting Kaizen process improvement training for NPDES permits. The goal of the training is to improve processing time and operations efficiency.

FY 2006 Budget

The Commission approved the FY 2006 budget request. Director Vonk explained that other budget requests had been submitted to the Governor under the new Purchasing Results Budget System; however, there has been no response to the proposal to date. The approved budget included:

- General Fund request of \$17.0 million for FY 2006, which maintains the current level of funding.
- Other non-General Fund requests included the following, which maintain the current level of funding:
 - Environment First Fund - \$20.6 million.
 - Fish and Wildlife Operations - \$31.2 million.
 - Boat Registration Fees Transfer - \$1.4 million.

**Next Meeting**

The next meeting is scheduled for October 18.

More Information

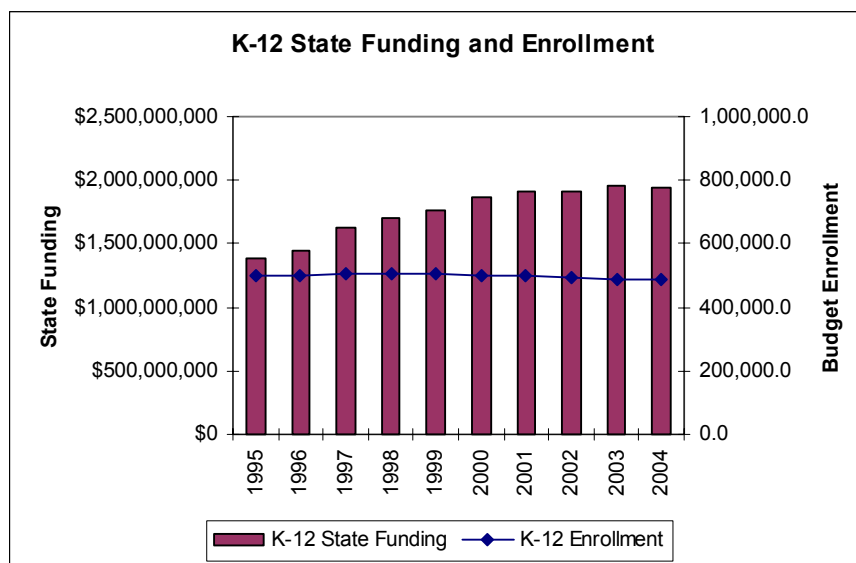
Additional information is available from the LSA upon request. For review of Commission agendas, minutes, and other related information, access the DNR web site at: <http://www.iowadnr.com/>

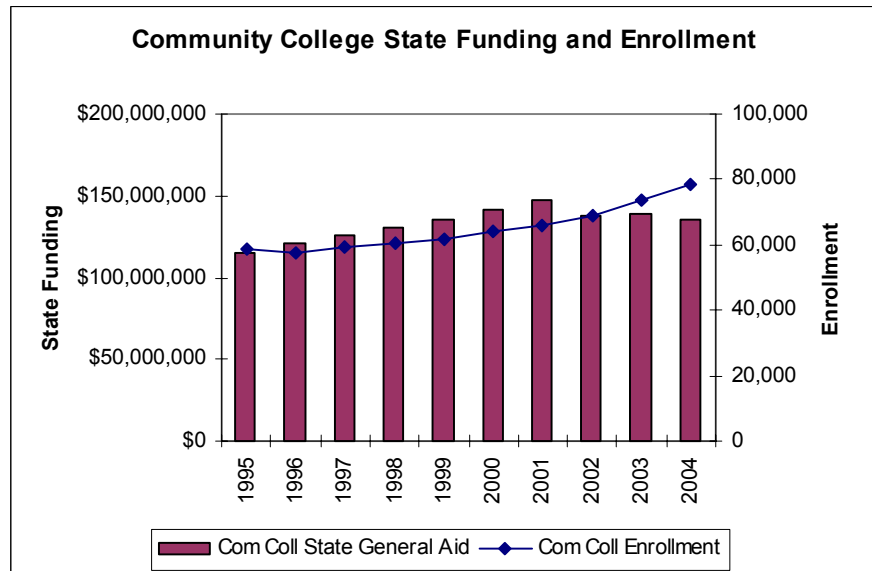
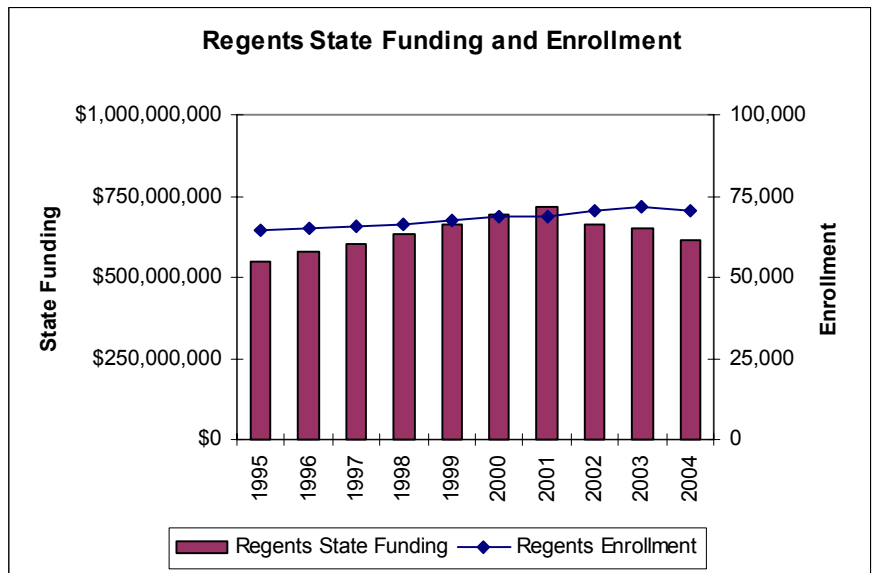
STAFF CONTACT: Debra Kozel (Ext. 16767)

COMPARISON OF STATE EDUCATION FUNDING

Introduction

The following three charts compare enrollment and State funding from FY 1995 - FY 2004 for K-12 school districts, community colleges, and Regents universities.





Notes:

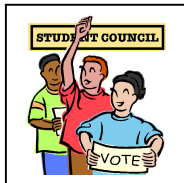
1. Community college and Regents enrollments include resident and non-resident students.
2. K-12 funding includes General Fund standing appropriations and direct appropriations found in the Education Appropriations Subcommittee bills that go to K-12 operations and programs.
3. Community college funding includes only the annual General Aid appropriation.
4. Regents funding includes all appropriations under the Education Appropriations Subcommittee's purview. It does not include funding for economic development or capitals programs.
5. State funding is from the General Fund, except when supplanted as noted below.

K-12

- a. In FY 2002, an appropriation of \$44.9 million from the Economic Emergency Fund supplanted General Fund dollars for K-12 school aid.
- b. In FY 2003, \$45.0 million from wagering tax revenues and the Economic Emergency Fund supplanted General Fund dollars for State Foundation Aid; \$23.9 million was transferred from other funds for the Student Achievement/Teacher Quality Program.

Regents

- c. FY 2002 funding for Regents includes \$600,000 from non-General Fund appropriations.
- d. FY 2003 funding for Regents includes \$26.0 million from non-General Fund appropriations.
- e. FY 2004 funding for Regents includes \$10.4 million from non-General Fund appropriations.

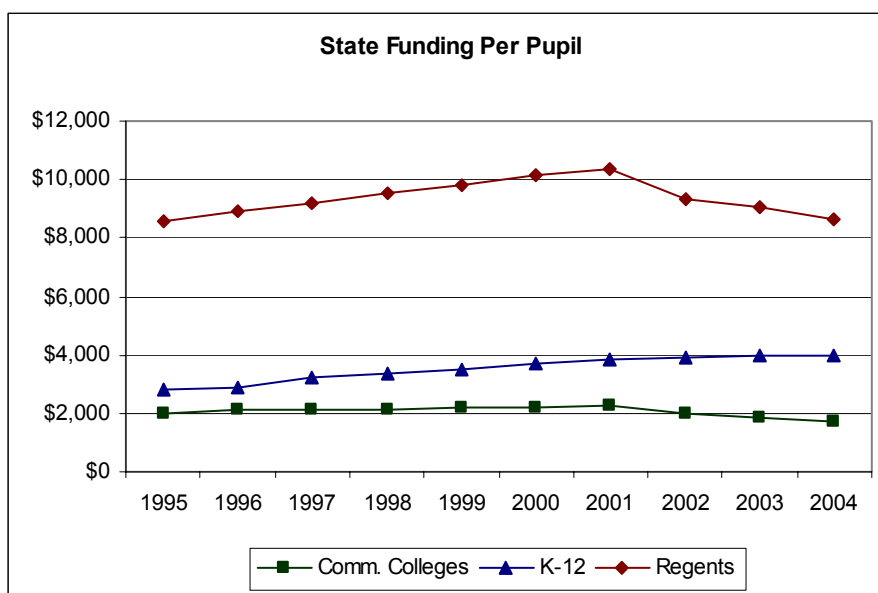
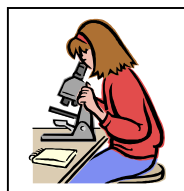
Enrollment Changes

Over the ten-year period, enrollments and funding have changed as follows:

- K-12 enrollments decreased 2.0%, while State funding increased 40.4%.
- Community college enrollments increased 33.8%, while State funding increased 17.6%.
- Regents enrollments increased 9.9%, while State funding increased 11.4%.

Per-Pupil Funding

The following chart compares State per-pupil funding for K-12 school districts, community colleges, and the Regents universities from FY 1995 - FY 2004.

**Per-Pupil Funding**

Per-pupil funding for K-12 school districts increased from \$2,779 in FY 1995 to \$3,981 in FY 2004, which is a ten-year increase of 43.3%. Community college per-pupil funding increased from \$1,973 in FY 1995 to a high of \$2,242 in FY 2001, and decreased to \$1,734 in FY 2004. The ten-year change was a decrease of 12.1%. For Regents, per-pupil funding increased from \$8,550 in FY 1995 to a high of \$10,378 in FY 2001, and decreased to \$8,673 in FY 2004. The ten-year change was an increase of 1.4%.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Dwayne Ferguson (Ext. 16561) Mary Shipman (Ext. 14671)
Robin Madison (Ext. 15270)

BOARD OF REGENTS MEETING – BOARD OFFICE REORGANIZATION

Regents Meeting

The Board of Regents held a special telephonic meeting on August 24. The main purpose of the meeting was to review a report from the Board's Public Policy Task Force recommending reorganization of the Board Office staff.

The changes will occur in part due to the retirement of Bob Barak effective January 13, 2005.

Board Approval

Mr. Barak currently serves as the Deputy Executive Director/Director of Academic Affairs for the Board. In response to the Task Force recommendations, the Board approved the following:

- Created the position of Director of Public Policy/Deputy Executive Director. The Board approved a job description and classification. This position reports directly to the Board President and the Executive Director and will directly supervise the legislative liaison staff of the Board institutions. The Board approved hiring Gary Steinke to fill this position effective August 30, 2004, at a salary of \$125,000. Mr. Steinke was most recently employed by the Office of the President of Iowa State University.
- Approved the hiring of Carol Bradley as Acting Director of Academic Affairs on a contract basis. Ms. Bradley retired as an employee of the Office of the President of Iowa State University.
- Approved necessary related changes to the job description of the Executive Director, table of organization, and Board Office budget.



More Information

Additional information is available from the LSA upon request. For review of all agenda items, access the Board's web site at:

<http://www2.state.ia.us/regents/Meetings/DocketMemos/04Memos/aug2404/august24agenda.htm>

STAFF CONTACT: Mary Shipman (Ext. 14617)

BOARD OF REGENTS MEETING

September Meeting

The Board of Regents met on September 14-15 at the University of Iowa. Significant agenda items included:

FY 2006 Budget



The Board is requesting General Fund appropriations totaling \$672.0 million for operations for FY 2006. This represents an increase of \$40.0 million compared to the FY 2005 appropriation level. The Board is also proposing a new funding strategy for consideration by the General Assembly. This proposal consists of a four-year funding plan, with an increase of \$40.0 million per year in General Fund appropriations. In exchange for the funding commitment, the Board will provide a match of \$20.0 million per year through internal reallocations. In addition, the Board will commit to moderate tuition increases, not to exceed the mid-range of the Higher Education Price Index (HEPI).

One-Time Funding

In addition to operational appropriations, the Board is requesting \$15.0 million in one-time State appropriations for each of the next five years for capital projects to correct fire and environmental safety deficiencies and deferred maintenance. State funds will be matched with at least \$7.5 million of institutional funds annually.

Capital Plan

The Board approved the following five-year (FY 2006-FY 2010) capital plans:

- \$218.0 million to be funded by capital appropriations or Academic Revenue Bonds. State-requested funds will be matched with \$47.2 million of gifts and earnings and at least \$37.5 million in building repair funds. See the chart below.

Board of Regents – Five-Year Capital Plan – FY 2006 –FY 2010
(Dollars in millions)

Institution	Project	Total State Request	Private/ Other Funds	Total
All	Fire, Environ. Safety, & Deferred Maintenance	\$ 75.0	\$ 37.5	\$112.5
SUI	College of Public Health Academic Building	18.9	19.4	38.3
ISU	Ag. & Biosystems Engineering	11.6	11.6	23.2
UNI	Sabin Hall Renovation	10.3		10.3
UNI	Commons Renovation	3.6		3.6
SUI	Seashore Hall – Renovation/Expansion	17.7		17.7
ISU	Chemistry Facilities	36.6	16.2	52.8
UNI	Baker Hall Renovation	10.9		10.9
SUI	Pentacrest & HVAC	11.4		11.4
UNI	Science Buildings – Phase II	12.0		12.0
SUI	Library – Renovation/Expansion	10.0		10.0
	Total	\$218.0	\$ 84.7	\$302.7

SUI=University of Iowa; ISU=Iowa State University; UNI=University of Northern Iowa

- \$167.8 million for capital projects at the University of Iowa Hospitals and Clinics. These projects do not require State appropriations and will be funded by hospital revenues, bonding, gifts, grants, and other hospital funds.
- \$275.1 million for capital projects at the universities, special schools, and Lakeside Laboratory that do not require State appropriations or Academic Revenue Bonds.

Bonding



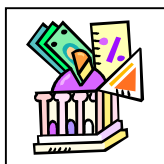
The Board approved the following bonding:

- \$25.0 million – Sale and award of Academic Revenue Bonds for University of Iowa (SUI). The bonds will be used to partially fund the Chemistry Building Renovation project, Phase II of the Art Building project, and to correct various fire and environmental safety deficiencies on the SUI campus. The bonds are repaid with State appropriations for tuition replacement.
- \$25.5 million – Resolution to fix the sale date for these bonds for Iowa State University (ISU). The bonds will be used to fund Phase I of the Memorial Union Renovation (\$17.0 million) and structural repairs for the Memorial Union Parking Facility (\$3.4 million). The Board also approved an increase in the Union parking ramp rates. The bonds will be repaid with revenues from the Union.

Investment Report

The Board accepted the Committee's report regarding investment activities. The Committee recommended and the Board approved selection of two new asset managers (Goldman Sachs Asset Management and Lotsoff Capital Management) and termination of Vanguard as large capitalization index fund manager.

Student Affairs



The Education and Student Affairs Committee report included:

- Report of the Iowa Learns Council.
- A presentation by Governor Vilsack regarding the Council's recommendations.

- Work Plan for a study of the Iowa Braille and Sight Saving School. The work plan should result in a report to the Committee by March 2005.
- Receipt and approval of an institutional work plan for distance education strategic planning. The work plan should result in submission of a plan to the Committee by March 2005.
- Proposed course changes for each of the universities.
- Receipt and review of institutional athletic recruitment policies.
- Receipt and review of various audit and accreditation reports.
- Receipt and review of the annual Report of Faculty Activities.
- Approval of two approaches of data collection for the annual study of student financial aid.
- Receipt and review of the five-year progress report for the SUI College of Public Health.

Human Resources



Next Meeting

The Human Resources Committee report included:

- Receipt and review of annual governance reports, including Regent Merit System; Fringe Benefits; Retirements (FY 2004) and Faculty Resignations (FY 2003); and Salaries.
- Receipt and review of a report on the phased retirement program.
- Review of information regarding faculty and staff salary comparisons and the need for a multi-year plan to attain competitive salaries.

The next meeting is scheduled for November 3-4 at the University of Northern Iowa.

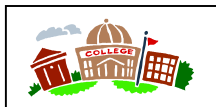
More Information

Additional information is available from the LSA upon request. For review of all agenda items, access the Board's web site at:
<http://www2.state.ia.us/regents/Meetings/DocketMemos/04Memos/sep04/sept2004docket.htm>

STAFF CONTACT: Mary Shipman (Ext. 14617)

COLLEGE STUDENT AID COMMISSION MEETING

September Meeting



The College Student Aid Commission met on September 21. Significant agenda items included:

- Department of Revenue Collection Contract – The Commission approved extending the contract through December 31, 2005.
- Default Reduction Activity Budget – The Commission recommended using \$350,000 of default reduction resources to promote additional campus-based default reduction grants and expand outreach activities of the Student Loan Outfitters Program.
- Staff Reports – The reports included loan volume, Commission loan administration budget, an update on grant program applications, iLink Service Center update, and enrollment report at out-of-state institutions operating in Iowa.

Next Meeting

The next meeting is scheduled for November 16.

More Information

Additional information is available from the LSA upon request. For review of all agenda items, access the Commission's web site at:
<http://www.iowacollegeaid.org/about.html>

STAFF CONTACT: Mary Shipman (Ext. 14617)

IOWA EMPOWERMENT BOARD MEETING**Board Meeting**

The Iowa Empowerment Board met on September 10. Governor Vilsack addressed the Board in regard to the recommendations of the Iowa Learns Council and asked for the Board's support in pursuing the recommendations related to early childhood issues.

Prevent Child Abuse

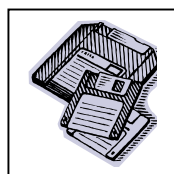
In addition to routine business matters, the Board received an update from Steve Scott of Prevent Child Abuse Iowa (PCAI) in regard to that organization's activities and awards of grants to local agencies. There was a discussion regarding the importance of avoiding duplication in awarding Empowerment and PCAI grants.

Children Ready for School

The Board unanimously approved a change to one of the indicators used to determine the success of the Community Empowerment Program. The definition of "children entering kindergarten are ready for school" was changed to reflect the use of a new measurement tool. The indicator has been based on the results of the Kindergarten Teacher Perception Survey completed by kindergarten teachers and compiled by the Department of Education. It will now be based on the results of the Dynamic Indicators of Basic Early Literacy Skills (DIBELS) test used with kindergarteners in many Iowa school districts.

Early Childhood Programs

The Board received a draft document from the Child and Family Policy Center and prepared for the Urban Education Network, describing the financing of a comprehensive early childhood system.

Data Collection/Reporting

The Board also received a report on the work of the Community Empowerment Data Work Group that is developing a method for collecting results from consistent, defined statewide performance measures. The group has identified home visitations as a service that is common to all 58 Community Empowerment Areas, and a pilot program is being developed around that service to test data collection and reporting tools. The Work Group's goal is to begin collecting data on a variety of services from all 58 Areas by July 1, 2005.

More Information

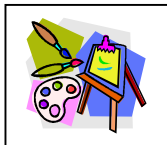
Additional information is available from the LSA upon request.

STAFF CONTACT: Robin Madison (Ext. 15270) Lisa Burk (Ext. 17942)

STATE BOARD OF EDUCATION MEETING**Board Meeting**

The Board of Education met on September 16 -17. Governor Vilsack addressed the Board in regard to the recommendations of the Iowa Leans Council and asked for the Board's support in pursuing these goals.

High School Reform Grant



Judy Jeffrey, Interim Director, Department of Education, reported that the National Association of Secondary School Principals awarded a \$25,000 grant to support the Breaking Ranks II Statewide Conference Project, a joint effort of the Department, the School Administrators of Iowa, the Iowa Parent Information Resource Center, and the State's 12 Area Education Agencies (AEAs). The goal of the project is to expand Iowa's capacity to support and sustain high school reform efforts.

Federal Grant

Ms. Jeffrey reported the Department will receive a three-year \$3.2 million State Improvement Grant to improve the quality of teaching for students with disabilities. The three-year budget includes funding to improve the quality of early childhood programs, to expand Reading First and Every Child Counts to additional grade levels, and to reduce the chronic shortage of special education teachers. Funding is also provided to conduct a recruitment and retention study to determine staffing trends and needs and to establish a Parent Training Institute to provide culturally diverse staff to assist non-English speaking parents of children with disabilities.

Team-Based Pay Results



Ms. Jeffrey also reported on the Team-Based Variable Pay Pilot Project included in the FY 2004 State appropriation for the Student Achievement and Teacher Quality Program. Ten schools in six districts participated in the FY 2004 pilot; eight of the schools had participated in the FY 2002 pilot. Of the ten schools, seven met goals and received awards of \$100 per student to be divided among the staff. An in-depth study of each school's assessment results is being completed. As required by the funding statute, each participating school was matched with a school that did not participate for comparison purposes. The full report of the study will be available in December 2004.

Community Colleges

In addition to routine business matters, the Board received reports on credit enrollment of high school students at Iowa community colleges and the community colleges' faculty development plans. The Board approved a revision of the guidelines for community college program review and evaluation.

No Child Left Behind

The Board received a report from the Department regarding the State's system for providing support to local schools identified as "in need of improvement" under the federal No Child Left Behind rules. For FY 2005, the State has seven Title I elementary schools on the Schools in Need of Assistance (SINA) list in the area of reading and seven in the area of mathematics, with two schools appearing on both lists. The State also has one Title I middle school listed in both reading and mathematics. In addition, the State has a number of other middle schools and high schools labeled under the federal rules that are not subject to sanctions because they do not receive Title I funding. There are also nine school districts listed as "in need of improvement" for FY 2005.

Area Education Agencies



The Department reported on its accreditation visits to three AEAs. The Board approved full continuing accreditation for AEAs 15 and 267. On the Department's recommendation, the Board approved one-year conditional accreditation for AEA 8, which experienced some difficulties related to employee turnover and the recent merger. Ms. Jeffrey also reported that AEA 4 and 12 have agreed to merge, effective July 1, 2006.

More Information

Additional information is available from the LSA upon request.

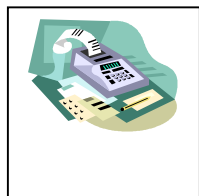
STAFF CONTACT: Robin Madison (Ext. 15270)

SEPTEMBER COUNCIL ON HUMAN SERVICES MEETING
Council Meeting

The Council on Human Services met on September 14-15 and conducted the following business:

FY 2006 Budget Request

The Council approved the Department of Human Services (DHS) budget request for FY 2006, which includes a total increase of \$70.8 million for an adjusted status quo budget compared to estimated FY 2005. An additional \$102.8 million was requested to fund additional needs.

Budget Increase

The total budget increase for FY 2006, including the adjusted status quo and additional needs request is \$173.6 million. A complete analysis of the request will be available from the LSA at a later date. The increases for an adjusted status quo budget include:

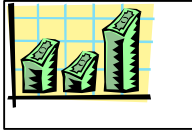
- Economic Assistance – An increase of \$1.5 million, including:
 - An increase of \$1.5 million for caseload increases in the Family Investment Program (FIP).
 - An increase of \$300,000 for caseload increases in PROMISE JOBS.
 - A decrease of \$300,000 to eliminate the seven-cent fee to food retailers for Electronic Benefit Transfers in the Food Assistance Program.
- Medical Services – An increase of \$35.2 million, including:
 - An increase of \$30.2 million for caseload and cost increases in the Medical Assistance (Medicaid) Program.
 - An increase of \$5.0 million for increased costs for the new fiscal agent contracts. The costs are offset by savings of \$5.9 million in the Medical Assistance (Medicaid) Program.
- Child Welfare – An increase of \$11.2 million for Child and Family Services (CFS). The majority of the increase is to replace Temporary Assistance to Needy Families (TANF) funds appropriated for CFS in FY 2005.
- Adoption Subsidy Program – An increase of \$3.3 million. The majority of the increase is for caseload growth.
- Mental Health/Mental Retardation/Developmental Disabilities/Brain Injury – An increase of \$7.8 million, including:
 - An increase of \$6.8 million for the Glenwood and Woodward State Resource Centers.
 - An increase of \$1.0 million for the Sexual Predator Commitment Program.

Additional Funding Needs

The Council also approved funding additional needs identified by the Department, which total \$102.8 million, including:

Economic Assistance

Economic Assistance – An increase of \$4.6 million, including:

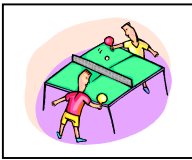


- An increase of \$2.7 million for child support collections (child support collections for FIP families offset the FIP Program).
- An increase of \$1.3 million for Child Support Recovery to replace lost recovery workers.
- An increase of \$600,000 for caseload growth and increased operating costs.

Medical Services

Medical Services – An increase of \$78.3 million for enrollment growth of 3.6% and increases in medical costs. This estimate does not include an increase of \$10.4 million for the rebase of nursing facility reimbursement rates required under current law.

Child Welfare



Child Welfare – An increase of \$1.9 million, including:

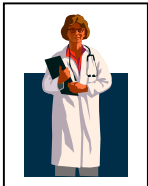
- An increase of \$400,000 for the Toledo Juvenile Home.
- An increase of \$500,000 for the Eldora Training School.
- An increase of \$1.0 million for Child and Family Services.

Mental Health

Mental Health/Mental Retardation/Developmental Disabilities/Brain Injury – An increase of \$8.9 million, including:

- An increase of \$1.9 million for the four Mental Health Institutes.
- An increase of \$1.3 million for the State Cases Program.
- An increase of \$900,000 for the Sexual Predator Commitment Program.
- An increase of \$4.8 million for the FY 2005 Mental Health Allowed Growth appropriation already enacted by the 2004 General Assembly.

Administration



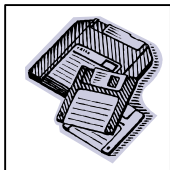
Administration – An increase of \$8.7 million, including:

- An increase of \$8.3 million for Field Operations, including:
 - \$5.5 million for the State portion of 170.0 additional FTE positions for implementation of the federal Medicare Part D Subsidy Program.
 - \$2.8 million for additional staff for case ratios.
- An increase of \$400,000 for General Administration for staff development costs and to replace one-time funds used for FY 2005 salary adjustment costs.

Adm. Rules

The Council approved the following Administrative Rules for adoption:

- Changes to the handling of premium payments for Medicaid for Employed Persons with Disabilities. There is no estimated fiscal impact.
- Expands the Medicaid III and Handicapped Waiver to allow Supplemental Security Income beneficiaries age 21-25 to remain on the Program. These individuals are currently allowed to stay on the Program through an exception to policy with 100.0% State funds. The change will allow the State to draw the Federal match for an estimated State savings of \$367,000.
- Updates the Statewide average costs used in determining Medicaid eligibility through Miller trusts. Minimal fiscal impact.



- Implements a data matching program between Medicaid and private insurers to identify third party payors. The change is anticipated to generate a savings, but the fiscal impact cannot be determined.
- Share Hospitals Program. There is no estimated fiscal impact.
- Adds an inflation adjustment to nursing facility reimbursement rates. The estimated fiscal impact is \$2.0 million from the Senior Living Trust Fund.
- Eliminates the truancy requirements and a fixed dollar value for a vehicle in determining Family Investment Program (FIP) eligibility. Minimal fiscal impact.
- Changes that eliminate the requirement that an individual seeking correction or expungement of a child or dependent adult abuse report must first exhaust a review process before an appeal hearing is granted. An individual seeking appeal will be directly referred to the appeals unit and then on to the Department of Inspections and Appeals for the scheduling of an administrative hearing. There is no estimated fiscal impact.
- Changes to the Adoption Subsidy Program, including limiting reimbursement for legal fees and court costs and eliminating child care as an available special service subsidy except for families that entered into a pre-subsidy or subsidy agreement by June 30, 2004. Those families may continue to receive payment, subject to the limits in effect through the Child Care Assistance (CCA) Program. There will be an estimated General Fund savings of \$333,000 in FY 2005.
- Limits income and resource eligibility for the State Cases Program and continues the FY 2004 reimbursement rates for FY 2005. There is an estimated General Fund savings of \$1.1 million for FY 2005.
- Continues the FY 2004 reimbursement rates for those services acquired by purchase of service for rehabilitative treatment services. An estimated savings was not provided by the Department.

Future Adm. Rules

The Council approved one Administrative Rule for adoption at a future meeting. The Rule allows the Child Support Recovery Unit to assist parents in suspending and terminating support obligations when only some of the children in the order live with the obligor and the order has a step change provision. Minimal fiscal impact.

Child Welfare Redesign

Mary Nelson, Department of Human Services, provided an update on the Child Welfare Redesign.

Roads Plan

Jon Neiderbach provided an update on the Park and Institutional Roads Plan.

Next Meeting

The next meeting is scheduled for October 13.

More Information

Additional information is available from the LSA upon request.

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